

**Washington State
Liquor Control Board
Strategic Plan 2005-2007**

Licensing and Regulation

Overview

Demand for licensing and regulation services is growing as the state's population increases. Alcohol products are available through increasing numbers of retail outlets and alternative venues. The complexity of regulating the alcohol market is increasing even faster than the number of licensees. New laws and rules are continually being developed. Interpretations of existing rules and laws are needed on a daily basis to resolve questions and conflicts arising from these regulations.

The Licensing and Regulation Division is organized into three units:

On-Premises Licenses provides assistance for the more than 10,000 establishments licensed to sell beer, wine and/or spirits for on-site consumption.

Off-Premises Licenses provides assistance to grocery stores and beer and wine specialty shops selling beer and wine for off-site consumption.

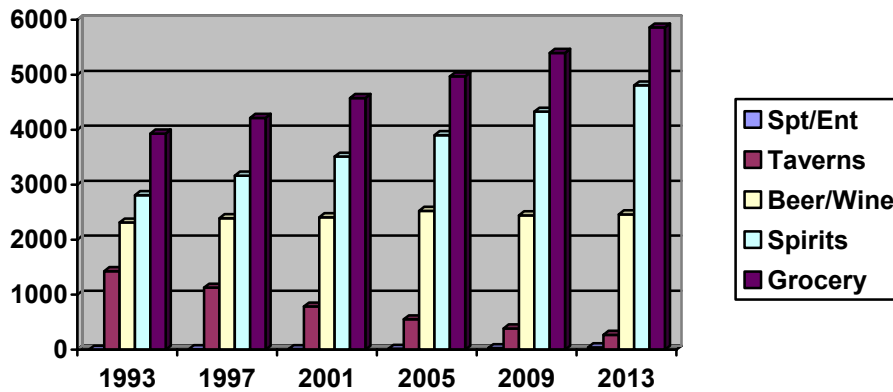
MIW (Manufacturers, Importers, Wholesalers) provides oversight for the regulatory system controlling the import, production, sale and distribution of beer and wine in the state.

Major Activities

The Licensing and Regulation Division:

- *Investigates and issues all liquor licenses.*
- *Maintains a database with information on more than 13,000 licensees.*
- *Processes about 10,000 license and permit requests annually.*
- *Interprets licensing laws and rules and assists in the enforcement of those regulations. Recommends rule and law revisions.*
- *Works closely with cities and neighborhood groups to clarify licensing issues and processes.*
- *Licenses and regulates manufacturers and distributors of beer and wine.*
- *Enforces regulations governing importation of alcohol from other states/countries.*
- *Approves all beer and wine labels.*
- *Oversees Mandatory Alcohol Server Training program.*
- *Conducts training and education programs for licensees.*

Annual Licenses Issued By Category 1993-2003



Year	1993	1997	2001	2005	2009	2013
Sports/Entertainment	0	07	11	17	27	42
Taverns	1429	1130	787	551	386	270
Beer/Wine	2314	2390	2408	2426	2444	2462
Spirits	2811	3165	3514	3900	4329	4805
Grocery	3930	4214	4576	4970	5397	5861
Totals	10,484	10,906	11,296	11,864	12,583	13,440

The chart above shows increases and projected increases for 1993-2013 in the main retail license categories. It does not include information on special banquet permits, beer and wine outlets and other categories.

Key Facts

- *The number of licensed sports arenas is forecast to increase to 42 by 2013. There are complex and time-consuming licensing and enforcement issues relating to these facilities.*
- *The number of licenses being issued annually to groceries for the sale of beer and wine is expected to increase 28 percent between 2001 and 2013.*
- *The number of licenses issued annually to establishments selling is expected to increase 37 percent between 2001 and 2013.*

Special Occasion Licenses

Alcohol also is being consumed more at banquets and special events, often held by non-profit organizations in private homes or rented facilities. Special events, community festivals and fairs and fundraising auctions, can draw from 100 to 10,000 people. Between FY 1999 and FY 2003, the number of special event days increased 55 percent.

Fees Collected

FY 99 - \$102,215
 FY 00 - \$118,720
 FY 01 - \$133,340
 FY 02 - \$140,200
 FY 03 - \$158,430

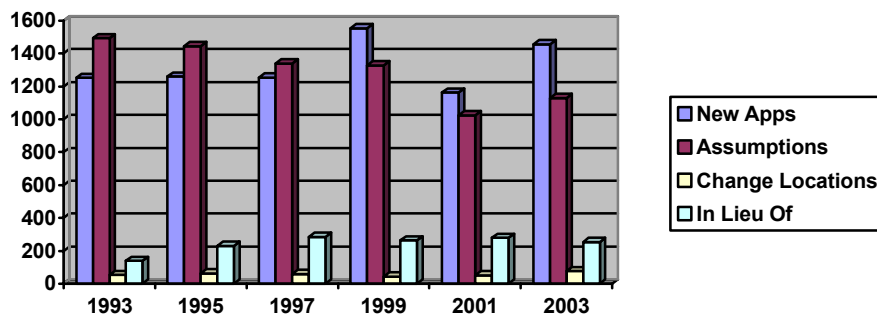
Number of Event Days

1,703
 1,979
 2,222
 2,337
 2,641

- *Banquet permits issued increased 11 percent over the last decade to a total of 28,220 in FY 2003. The agency issues more than 2,500 banquet licenses per year.*
- *Special occasion licenses for alcohol-serving events sponsored by non-profit organizations increased more than 40 percent between FY 1999 and 2003 to a total of 2,641.*

New License Applications

The agency has received and processed about 3,000 new license applications a year since 1993. The following chart shows the numbers received by category of applicant.



More Products

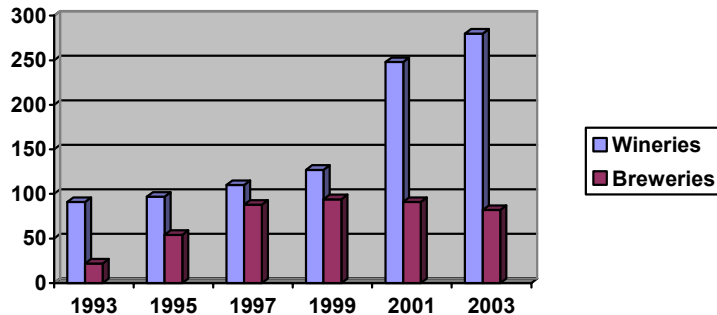
The alcohol beverage industry is dynamic with new products introduced into the market daily. The division is responsible for all beer and wine label approval. The number of beer and wine labels has been increasing rapidly in the last seven years. Beer labels increased 223 percent; wine labels an amazing 267 percent. A greater variety of products creates increased competition among liquor licensees for consumer dollars.

	1997	2003
Wine Labels	13,240	48,571
Beer Labels	1,440	13,240

Growth in Licensed Producers/Retailers

As retail sales venues have continued to increase and the number of alcohol beverage products has become more diverse, there also has been an increase in the number of businesses producing beer and wine licensed to sell their products either by the drink or across the counter. Washington manufacturers of beer and wine have grown significantly in number.

Growth in Wineries and Breweries 1993-2003



The preceding chart shows nearly a 300 percent increase in the number of Washington breweries, from 22 to 82 in the last decade, and a 207 percent increase in the number of wineries, from 91 to 280, in the same period.

To promote their products, Washington wineries seek to sell their wines beyond their primary manufacturing sites. The Legislature now allows wineries and breweries to sell wine by the drink and to go at their primary manufacturing sites, at two additional approved locations, in farmers markets and in Washington State Liquor Stores as well as through traditional distributors.

Staffing

Over the last five years, the division's staffing level of 43 personnel has remained the same despite increases in the volume and complexity of the workload due to growth in the number of licensees and changes in Washington statutes. In 2004 the Legislature enacted a law (SSB 6655) increasing substantially the number of importers of foreign-made beer and wine allowed to distribute products. The law contained a fee-setting authority permitting the agency to recover the costs of administering this expanded program, a demonstration of the Legislature's confidence in the agency's credibility.

Conclusion

Licensing and Regulation will continue to experience an increase in demand for its services during the next decade and beyond. Improved online services, a stronger emphasis on customer service, more comprehensive regulatory activity all will require increased resources. Cost-recovery strategies should play an important role in supporting these expanded services.

Goal/Objective/Strategy

Goals: *Enhance public safety by enforcing liquor and tobacco laws.
Modernize existing business systems.*

Objective: Create more **efficient, effective licensing processes.**

Strategy: Replace existing outmoded computing systems to provide improved service delivery, better access to licensee records, and more information about the licensing process.

Background: Licensing is a core business function of the WSLCB. Annually, more than 20,000 license applications and transactions are processed. To carry out this work, the Licensing Division must gather and record detailed information about the location, the applicant, the type of business proposed and the license type and privileges sought. Local governments must be given notification of all pending license applications or renewals. The computing system used to support Licensing is old, slow and difficult to maintain. The demand for licenses is increasing. The complexity of licensing requests is growing. Customers expect faster turnaround times and expanded online services. Communities and citizen groups expect improved access to public information.

Solution: The agency will offer expanded online licensing services by leveraging existing Internet technologies. A feasibility study has been conducted and a plan to replace the existing system with contemporary technology is being developed.

Stakeholders: Customers, legislators, cities/counties, schools, industry partners, community interest groups, employees, unions; other state agencies, licensees and license applicants.

Partners: DIS, Department of Licensing, DSHS, State Patrol, Superintendent of Public Instruction and industry partners

Lead Divisions: Licensing and Regulation and Information Technology Services

Participating Divisions: Enforcement and Education, Retail Services and Policy, Legislative and Media Relations

Start: TBD

Finish: TBD

Goal/Objective/Strategy

Goal: *Enhance public safety by enforcing liquor and tobacco laws.*

Objective: Strengthen **partnerships with local government and citizen groups** to address community concerns about the alcohol licensing process.

Strategy: Identify potential problem areas and develop a set of procedures and support materials to help local government and citizen's groups in those communities communicate more effectively about liquor license issues and renewals.

Background: State law requires the WSLCB to notify cities and counties of all liquor license applications and renewals. Local community groups and citizens are not submitting timely comments and are not coordinating effectively with their city or county authority. Community input will be improved if citizens are informed and notified in a timely manner.

Solution: Improve communication tools to better educate local government entities and communities on how to provide timely, meaningful input on license applications and renewals. Streamline the notification process by using more efficient communication methods. Provide a database of relevant information. Develop a model for cities/counties and local communities to use when objecting to license issuance or renewals.

Stakeholders: Licensees, license applicants, community interest groups, cities/counties, schools, churches, health care providers and social service agencies.

Partners: DSHS, Washington Association of Cities, Washington Association of Counties, Superintendent of Public Instruction and local police departments.

Lead Divisions: Licensing and Regulation, Enforcement and Education and Policy, Legislative and Media Relations

Participating Divisions: Information Technology Services

Start: In progress
Finish: Ongoing

Goal/Objective/Strategy

Goal: *Enhance public safety by enforcing liquor and tobacco laws.*

Objective: Strengthen the **MIW Regulatory System.**

Strategy: Implement new laws and rules; improve online service.

Background: The number of non-retail licensees (importers, wineries, breweries and distributors) has increased 70 percent in the last eight years with no increase in MIW agents. Between 1996 and 2003 the number of non-retail licensees increased from 787 to 1,332. There are only four MIW license agents statewide to cover beer/wine label approval, price posting and licensing and licensee requests for assistance.

Licensees continue to request improved online price-posting services. Two laws passed by the 2004 Legislature will help strengthen this system: ESB 6737 and SSB 6655. One of these bills authorizes an increase in the Certificate of Approval (COA) license fee to cover the additional administrative costs of licensing an additional 1,000 importers.

Solution: New field agents, new licensing agents and new information technology staff will be added along with equipment to meet the demands created by these additional licenses.

Stakeholders: Elected officials, licensees, license applicants, employees, cities and counties

Partners: Washington Wine Commission, Washington Brewers Guild, Washington Beer and Wine Wholesalers Association, National Association of Beverage Importers, Washington Food Industry and Washington Association of Neighborhood Stores

Lead Divisions: Licensing and Regulation, Information Technology Services and Financial

Participating Divisions: Human Resources and Policy, Legislative and Media Relations

Start: In progress

Finish: Ongoing